



ADM 08-1 INSURANCE CERTIFICATES

Intermodal Transportation Division Policy

June 6, 2008
Effective Date

June 6, 2011
Review Date

None
Supersedes

Sam Elters

Sam Elters,
State Engineer

PURPOSE

To protect the State from liability that may arise during the course of conducting ITD business and to provide the rules and procedures for doing so in compliance with the State's self insurance program.

SCOPE

This policy applies to contractors, consultants and permittees engaging in business which requires the Division to obtain indemnification and/or a certificate of insurance. This policy does not apply to Right of Way Leases, expert witness agreements, procurement, intergovernmental agreements and Adopt-A-Highway volunteer activities.

DEFINITIONS

Certificate of Insurance

A statement which verifies the existence of the insurance policy and provides a summary of the protection afforded under the policy (see Exhibit 1). Any document equivalent to Exhibit 1 is acceptable including the ACCORD form.

Indemnify

To protect the State and ITD in the event of a loss. To give assurance of reimbursement to ITD or a third party for what has been lost or damaged.

Encroachment

Any use of, intrusion upon or construction of improvement within a state highway right-of-way by any person or entity other than the Department for any purpose, temporary or fixed, other than public travel authorized by State statute.

Encroachment Permit

A written approval granted by ITD for construction of a fixed or temporary improvement within a state highway right-of-way or for any activity requiring the temporary use of or intrusion upon a state highway right-of-way.

Special Event

Any temporary, organized or supervised activity that could effect the normal operation of a state highway.

POLICY

- a. The type and amount of insurance required from any party doing business with ITD are set fourth in the Permit Matrix (Exhibit 2) and the Contracts Matrix (Exhibit 3).

- b. Construction contractors, consulting firms, vendors, utilities and other entities shall provide a certificate of insurance in accordance with their contract and/or permit. The type of insurance protection reflected in the certificate is governed by the nature of the anticipated activity outlined within the contract and/or permit.
- c. In most cases, ITD shall require outside entities to provide proof of workers' compensation, auto liability and general liability coverage. A.R.S. §23-901 may exempt qualified small businesses from workers' compensation coverage. However, these small businesses must provide a waiver form that can be obtained from ADOT Risk Management.
- d. Proof of insurance is documented using the Certificate of Insurance form (Exhibit 1) or an equivalent form. An example of an equivalent form is the ACCORD form, which contains the same requirements in Exhibit 1.
- e. ITD shall review, evaluate and maintain updated certificates for all affected agreements within this policy.
- f. Any and all provisions of the policy can only be varied or waived by the State Engineer through consultation with ADOT Risk Management.
- g. To request a waiver from any portion of this policy, the responsible ITD employee must submit a request to ADOT Risk Management, who will facilitate the consultation process with the State Engineer.
- h. Specific insurance requirements, including limits, shall be listed within the special provisions of a permit or the terms of a contract.

RESPONSIBILITIES

ITD employees designated to administer the contract, permit and/or other similar agreement are responsible for the insurance specifications contained within these basic agreements. The designated employee shall ensure that properly executed certificates are obtained upon execution of the applicable written agreement and that renewal certificates are requested and obtained in a timely fashion. Designated ITD employees shall:

- a. Determine whether a Certificate of Insurance is required;
- b. Contact ADOT Risk Management for approval to waive any portion of this policy;
- c. Secure the Certificate of Insurance;
- d. Evaluate the Certificate of Insurance according to the requirements listed in the applicable matrix (Exhibits 2 and 3);
- e. Ensure that the Certificate of Insurance is updated;
- f. File and maintain the certificate of insurance along with other documents related to the basic agreement;

- g. Contact ADOT Risk Management with any concerns regarding certificates of insurance;
- h. List insurance requirements within the permit's special provisions and/or construction contract.

Responsibility	Action
Permit Tech	Perform the responsibilities listed above in a through h.
Resident Engineer	Perform the responsibilities listed above in d through g and ensure copies of the updated Certificates of Insurance are forwarded to Field Reports.
Field Reports	Ensure that the Certificate of Insurance is updated.
Contract Administrator (ECS, C&S)	Perform the responsibilities listed above in a through h.
ADOT Risk Management	Available for consultation on all insurance certificate matters. Available for review of risk to determine limits. Review and adjust insurance limits when unusual circumstances exist. Process requests for a waiver of policy requirements from ITD staff and work with the State Engineer to approve or deny the request.
State Engineer's Office	Notifies all parties of the final decision concerning any conflicts resulting from the requirements contained in the Certificate of Insurance per consultation with ADOT Risk Management.

PERMITS MATRIX			
TYPE OF INSURANCE	MINIMUM LIMITS OF INSURANCE	ENCROACHMENT PERMIT	SPECIAL EVENT PERMIT
Commercial General Liability Occurrence Form		Yes	Yes
General Aggregate	2,000,000	X	X
Bodily Injury/Property Damage	1,000,000	X	X
Products/Completed Ops.	1,000,000	X	X
Personal/Adv. Injury	1,000,000	X	X
XCU*	1,000,000	X	
Medical	5,000	X	X
Fire Legal	50,000	X	X
Business Auto - Any Auto	1,000,000	X	X
Workers' Compensation	Statutory	X	
Employers Liability	1,000,000	X	
Additional Insured(1)		Yes	Yes
General Liability		X	X
Auto Liability		X	
Primary Coverage(2)		X	X
Waiver of Subrogation(3)		Yes	Yes
General Liability		X	X
Workers' Compensation		X	
Certificate of Insurance		Initial and Annual Review	Review

Yes = Required Coverage

X = Types of Coverage's to be included

*XCU = Explosion, Collapse and Underground Damage. This term is used in Business Liability Insurance to indicate that certain types of construction work involve these hazards.

- (1) The policy shall be endorsed to include the following additional insured language: **"The State of Arizona, its departments, agencies, boards, commissions, universities and its officers, officials, agents and employees shall be named as additional insureds with respect to liability arising out of the activities performed by or on behalf of the Permittee"**.
- (2) The Permittee's insurance coverage shall be primary insurance with respect to all other available sources.
- (3) Policy shall contain a waiver of subrogation in favor of the **State of Arizona, its departments, agencies, boards, commissions, universities and its officers, officials, agents and employees** for losses arising from work performed by or on behalf of the Contractor.

EXCEPTIONS

- Insurance is required to construct or make improvements for an encroachment such as drives, fences, gates or landscaping. Insurance is not required for the continued existence of these encroachments.
- Continuing encroachments, like utilities, must update insurance annually for as long as the encroachment exists.

CONTRACTS MATRIX				
TYPE OF INSURANCE	MINIMUM LIMITS OF INSURANCE	CONTRACTS CONSULTANTS	CONTRACTS CONST. DESIGN BUILD/ROAD	CONTRACTS CONSTRUCTION VERTICAL
Commercial General Liability Occurrence Form		Yes	Yes	Yes
General Aggregate	2,000,000	X	X	X
Bodily Injury/Property Damage	1,000,000	X	X	X
Products/Completed Ops.	1,000,000	X	X	X
Personal/Adv. Injury	1,000,000	X	X	X
XCU*	1,000,000	X	X	X
Medical	5,000	X	X	X
Fire Legal	50,000	X	X	X
Business Auto - Any Auto	1,000,000	X	X	X
Workers' Compensation	Statutory	X	X	X
Employers Liability	1,000,000	X	X	X
Professional Liability – Claims Made	1,000,000	Yes	Yes	X
Aggregate	3,000,000	X	X	X
Builders Risk see Exhibit 4	Value of Construction			Yes (1)
Construction Values Exceeding \$100,000				
Installation Floater see Exhibit 4	Value of Construction			Or Yes (1)
Construction Values Under \$100,000				
Additional Insured(1)		Yes	Yes	Yes
General Liability		X	X	X
Auto Liability		X	X	
Primary Coverage(2)		X	X	X
Waiver of Subrogation(3)		Yes	Yes	Yes
General Liability		X	X	X
Workers' Compensation		X	X	
Certificate of Insurance		Annual Review	Annual Review	Annual Review
Loss Payee(4)			Yes	Yes
Builders Risk &			X	X
Instillation Floater			X	X

Yes = Required Coverage

X = Types of Coverage's to be included

Minimum Limits of Insurance = Limits can be increased based on the project refer to the contract requirements.

*XCU = Explosion, Collapse, and Underground Damage. This term is used in Business Liability Insurance to indicate that certain types of construction work involve these hazards.

- (1) For explanations of "Builders Risk" and "Installation Floater" and which is applicable for given circumstances, see descriptions in Exhibit 4.
- (2) The policy shall be endorsed to include the following additional insured language: **"The State of Arizona, its departments, agencies, boards, commissions, universities and its officers, officials, agents, and employees shall be named as additional insured with respect to liability arising out of the activities performed by or on behalf of the Contractor".**
- (2) The Contractor's insurance coverage shall be primary insurance with respect to all other available sources.
- (3) Policy shall contain a waiver of subrogation in favor of the **State of Arizona, its departments, agencies, boards, commissions, universities and its officers, officials, agents, and employees** for losses arising from work performed by or on behalf of the Contractor.
- (4) Policy shall be endorsed to include the following as loss payee as our interest may appear: **"The State of Arizona and the Arizona Department of Transportation".**

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Exhibit 3

DESCRIPTION OF BUILDERS RISK AND INSTALLATION FLOATER

In addition to the standard general liability, automobile liability and workers' compensation, *insurance requirements* contained in most service agreements, purchase and installation of equipment contracts should also require the vendor to carry an "installation floater" for contract cost of \$100,000 or less.

Installation floaters are similar to builders' risk policies and are used by contractors performing a specialized job on an existing building, installing equipment or materials that are *not* included in a construction project contract.

BUILDERS RISK	INSTALLATION FLOATER
Covers physical damage to project under construction	Same, except applied to installation of <u>one</u> item or group of items (simple replacement)
Coverage continues until final acceptance by owner	Coverage could end before acceptance if written with expiration date earlier
Owner and contractor are covered as their interest may appear	Contractor is covered; owner is usually not a loss payee
All size jobs	Generally, for jobs less than \$100,000 contract cost; or less than 20% of total building value